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16 November 1956

25X1A



CMCC Doc. No. 151X5.313

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Proposal: CAN 24

12 November 1956

Dear George:

The enclosed proposal revises our cost estimates on System 3 production, reflecting more realistic costing of the items of equipment involved. Our original proposal to you was submitted before the equipment development had been completed and was based on a preliminary knowledge of the components and production labor involved. A number of changes have been made in the system since that time; the conversion kit, consisting of three (3) additional plug-in-board subassemblies, has been adopted for inclusion in the system; the cable assemblies have been modified and changes have been made in the junction box.

This proposal also includes one recorder unit per system. It may be that you already have sufficient recorders to meet your requirements for System 3, but if you wish to order additional units they have been included in the price of the system as presented here.

We are recommending one additional test set since we will require one test set throughout the manufacturing program to make the necessary quality control tests on finished systems, and it seems advisable to include this in addition to the operational requirements. It can be regarded as production tooling if you desire, but the set can be delivered when we complete the manufacturing cycle.

The delivery schedule has not been presented in detail since we are keeping you advised separately of our expected delivery dates, but the number of units to be delivered in each month has been set forth here. This system has priority in our pilot line, and deliveries will be made as early as possible of all fifteen (15) systems covered by this requirement. The project delivery schedule presented here assumes that three (3) units will be diverted to SAC during 1956, and as a result three (3) project systems will be delayed until January, 1957. By year-end, we expect to be operating at a production rate of six (6) systems per month which will enable us to keep up with the current SAC requirements and to catch up on the six units which were needed by SAC in 1956. On this basis, we will be caught up with their delivery schedules by March, 1957.

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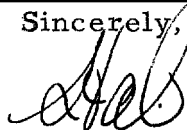
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The price per unit set forth in this proposal is about 15% higher than the figures quoted in the SAC proposal. This represents the added cost involved in change and modification during the early stage of the production run and the effect of the learning curve in labor performance.

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Sincerely,



Hal

Enclosures:

Copies 1-3 of 4 of the following documents:

CMCC 1131X5.56

CMCC 1134X5.7

CMCC 1132X5.54

CMCC 1132X5.55

3 copies - Equip. List S

3 copies - Equip. List T

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CMCC Doc. No. 1131X5.56

Copy 1 of 4Page 1 of 2EXHIBIT A
PROPOSAL CAN-24
12 November 1956

STATEMENT OF WORK

The Contractor proposes to supply all engineering, labor, services and materials necessary for the fabrication and delivery of the following items of equipment:

- | <u>Item No.</u> | <u>Description</u> |
|-----------------|---|
| 1. | Fifteen (15) sets of System 3 equipment including the junction box and cabling necessary for aircraft installation. Each system includes: <ul style="list-style-type: none">(a) One (1) Junction Box - MP 10667(b) One (1) Receiving Set - MP 10199(c) One (1) Recorder - MP 10737 (less cover)(d) One (1) Cable Assembly - MP 10806(e) One (1) Cable Assembly - MP 10196(f) One (1) Cable Assembly - MP 10171(g) One (1) Cable Assembly - MP 10929(h) One (1) Cover Assembly - MP 10895 |
| 2. | Fifteen (15) sets of conversion kits, MP 10535, consisting of three (3) plug-in board sub-assemblies required to modify this system for restricted frequency coverage. |
| 3. | Spares for System 3 consisting of the following: <ul style="list-style-type: none">(a) Three (3) Fly-away kits (FAK) as listed in Equipment List S. This is planned for 30-day maintenance of the above System 3's at various locations. |

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EXHIBIT A
PROPOSAL CAN-24
12 November 1956

STATEMENT OF WORK (Continued)

Item No.

- (b) One (1) 180-day depot support equipment kit as listed in Equipment List T..
- 4. Five (5) test sets for preflight checkout of System 3, MP 11007, plus:
 - (a) One (1) Blower - MP 10336
 - (b) One (1) Cable Assembly - MP 10195
 - (c) One (1) Cable Assembly - MP 10492
 - (d) One (1) Cable Assembly - MP 63030
 - (e) One (1) Cable Assembly - MP 11009
 - (f) One (1) Air Hose - MP 11018

NOTE: One (1) test set shall be retained by the Contractor for engineering use and production test purposes.

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EXHIBIT B
PROPOSAL CAN -24
12 November 1956

DELIVERY SCHEDULE

Deliveries will be made on the items in the Statement of Work in accordance with the following schedule:

<u>Item</u>	<u>Description</u>	<u>System No.</u>	<u>Date</u>
1	Complete System 3	1 and 2 3 thru 6 7 thru 12 13 thru 15	September 1956 November 1956 December 1956 January 1957
2	System 3A (Sets of three (3) Boards)	1 thru 6 7 thru 10 11 thru 15	December 1956 January 1957 February 1957
3	Spares (FAK and 180 -day Support)		
	(a) Fly-away Kit	1 2, 3	December 1956 January 1957
	(b) 180 -day Support	1	February 1957
4	Test Sets	1 1 1 1 1	September 1956 Engineering Evaluation and Production Test November 1956 December 1956 January 1957 February 1957

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